

## TESTIMONY ON SB 268

Mr. Chairman, members of the Taxation Committee. I am Verner Bertelsen; Co-Chairman of "Montanans for the Coal Trust", an organization whose only purpose is to protect Montana's Constitutional Coal Trust. We stand adamantly opposed to SB 268.

I was serving in the legislature in 1975 when the Montana Legislature established a 30% severance tax on coal. In 1976 more than 70% of Montana's electorate voted for the Initiative creating Montana's Constitutional Coal Trust Fund. The Initiative placed 25% of the coal severance tax in the Constitutional Coal Trust Fund. After December 31, 1979 at least 50% of the severance tax was to be dedicated to the Trust Fund. We received national attention; recognizing Montana's wisdom in setting aside for future generations a portion of the wealth of our natural resource, coal. Montana was cautious after having been exploited by the large mining companies leaving only environmental disaster in their demise. This should not happen again. The trust fund was to remain forever inviolate unless appropriated by 3/4 of the members of each house of the legislature. Only the interest and income was to be used.

I bring this history before you because this type of legislation defeats the very purpose of our Constitutional Coal Trust Fund and the intent of the Constitutional Initiative. When the severance tax was reduced by 1/2 in 1987 we were told this would greatly increase production. However, except for a temporary increase to get the bill passed, there was no increase in production, if anything it has gone down. Tom Towe was told by the CEO of a large mining company that taxes had nothing to do with the decision of where to put a mine. So it appears reducing the tax will not stimulate

coalmine development. Cutting the severance tax in half is not the answer to future coal development in Montana.

We would need to double coal production to retain the present income to the state general fund and the Constitutional Coal Trust. I submit that this is not likely to happen. Why would we want to reduce taxes on largely out of state companies, whose consumers are largely out of state, with no real benefit for Montana?

Montana's Constitutional Coal Trust is doing a terrific job for the people of Montana and will continue to do so if we protect its source of revenue. This legislation is potentially dangerous for the Coal Trust. It defeats the purpose of the Trust and breaks our commitment to the people of Montana who voted to establish the Trust to preserve a reasonable portion of income from coal for future generations. We earnestly urge you to defeat SB268. Please don't let SB268 out of this committee!